


MCD EUROPE FRANCHISING S.À R.L.

*Société à responsabilité limitée
(ci-après la "Société")*

**Siège social : 412F, route d'Esch
L- 2086 Luxembourg**

**Capital social : USD 792.815.-
R.C.S. Luxembourg : B 22.841**

Les comptes annuels de la Société au 31 décembre 2010 ont été déposés au Registre de Commerce et des Sociétés de Luxembourg.



MCD EUROPE FRANCHISING S.À R.L.

Pour mention aux fins de publication au Mémorial C, Recueil des Sociétés et Associations au Luxembourg.

Registre de Commerce et des Sociétés

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enregistré et déposé le 13/07/2011

**McD Europe Franchising S.à r.l.
412 F route d'Esch
L-2086 Luxembourg**

R.C.S. Luxembourg B 22.841

Share Capital: USD 792.815,00

**Annual accounts as at 31 December 2010,
and
Independent auditor's report**

McD Europe Franchising S.à r.l.
Société à responsabilité limitée

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Independent auditor's report

To the Members of
McD Europe Franchising S.à r.l.
9, rue du Laboratoire
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Report on the annual accounts

Following our appointment, we have audited the accompanying annual accounts of McD Europe Franchising S.à r.l., which comprise the balance sheet as at 31 December 2010 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the annual accounts

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts and for such internal control as the Board of Managers determines is necessary to enable the preparation and presentation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the annual accounts.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of McD Europe Franchising S.à r.l. as of 31 December 2010 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the fact that as explained in Notes 3 and 4, errors amounting to USD 59.288.705 net of tax, were identified in 2010 relating to the valuation of intangible and tangible assets as of 31 December 2009. This amount has been corrected through the current year profit and loss account as extraordinary charges.

Other matters

The annual accounts of McD Europe Franchising S.à r.l. as of 31 December 2009 were not audited; as such the comparative financial information is unaudited.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Managers, is consistent with the annual accounts.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

A handwritten signature in black ink, appearing to read 'Aine HEARTY', written over a horizontal line.

Aine HEARTY

Luxembourg, 10 June 2011

McD Europe Franchising S.à r.l.
Société à responsabilité limitée
BALANCE SHEET
as at December 31, 2010
(expressed in USD)

| ASSETS | Notes | 31/12/2010 | 31/12/2009 (unaudited) | LIABILITIES | Notes | 31/12/2010 | 31/12/2009 (unaudited) |
|--|-------|-----------------------|---------------------------|---|-------|-----------------------|---------------------------|
| FIXED ASSETS | | | | CAPITAL AND RESERVES | 6 | | |
| Intangible assets | | | | Subscribed capital | | 792,815.00 | 792,815.00 |
| Concessions, patents, licences, trademarks and similar rights and assets | 3 | 360,730,069.00 | 535,088,146.81 | Share premium account | | 0.55 | 0.55 |
| | | | | Reserves | | | |
| | | | | Legal reserve | | 79,281.56 | 79,281.56 |
| Tangible assets | 4 | | | Other reserves | | 38,869.64 | 38,869.64 |
| Land and buildings | | 9,696,264.25 | 10,874,916.84 | Results brought forward | | 27,675,834.09 | 29,500,759.92 |
| Other fixtures and fittings, tools and equipment | | 397,664.65 | 1,253,861.78 | Results to be allocated | | — | (10,230,941.83) |
| | | <u>10,093,928.90</u> | <u>12,128,778.61</u> | Result for the financial year | | 54,619,156.37 | 8,406,016.00 |
| | | | | | | <u>83,205,957.21</u> | <u>28,586,800.84</u> |
| Financial assets | 5 | | | CREDITORS | 7 | | |
| Shares in affiliated undertakings | | 138,055,760.00 | 138,055,760.00 | Amounts owed to credit institutions | | | |
| | | | | due in one year or less | | — | 49,684,244.26 |
| CURRENT ASSETS | | | | Trade creditors | | | |
| Debtors | | | | due in one year or less | | 856,087.55 | — |
| Due in one year or less | | | | Amounts owed to affiliated undertakings | | | |
| Trade debtors | | 949,374.23 | 1,299,003.31 | due in one year or less | | 309,680,393.43 | 147,202,054.50 |
| Amounts owed by affiliated undertakings | | 120,018,799.95 | 302,317,260.49 | due in more than one year | | 352,842,511.42 | 765,412,375.68 |
| Due in more than one year | | | | Tax and social security debt, due in one year or less | | | |
| Other debtors | | 553,569.07 | — | Tax | | 3,456,204.14 | 2,216,616.38 |
| Cash at banks | | <u>124,435,273.81</u> | <u>4,557,690.92</u> | Social security | | 333,455.72 | 163,612.97 |
| | | 245,957,017.06 | 308,173,954.72 | Other creditors | | | |
| | | | | due in one year or less | | 4,267,989.30 | 827,034.02 |
| | | | | | | <u>671,436,641.56</u> | <u>965,505,937.81</u> |
| PREPAYMENTS AND DEFERRED CHARGES | | 169,975.66 | 646,098.51 | ACCRUALS AND DEFERRED INCOME | | 364,151.85 | — |
| | | | | | | | |
| TOTAL ASSETS | | <u>755,006,750.62</u> | <u>994,092,738.65</u> | TOTAL LIABILITIES | | <u>755,006,750.62</u> | <u>994,092,738.65</u> |

The underlying notes form an integral part of these annual accounts.

McD Europe Franchising S.à r.l.
Société à responsabilité limitée
PROFIT AND LOSS ACCOUNT
for the year ended
December 31, 2010
(expressed in USD)

| CHARGES | Notes | 31/12/2010 | 31/12/2009 (unaudited) | INCOME | Notes | 31/12/2010 | 31/12/2009 (unaudited) |
|---|-------|---|---|--|-------|------------------------------|------------------------------|
| Other external charges | 8 | 683,364,199.57 | 648,642,566.92 | Net turnover | 10 | 896,035,734.78 | 785,792,002.26 |
| Staff costs | 9 | | | | | | |
| Wages and salaries | | 8,152,433.70 | 747,401.86 | | | | |
| Social security costs attributable to wages and salaries | | 811,878.02 | 63,506.33 | Income from financial fixed assets concerning affiliated undertakings | 11 | 20,031,595.50 | 17,377,520.76 |
| Supplementary pensions | | 299,537.96 | 130,732.63 | | | | |
| | | <u>9,263,849.68</u> | <u>941,640.82</u> | | | | |
| Value adjustments in respect of intangible fixed assets | 3 | 116,993,531.89 | 117,309,312.90 | | | | |
| Value adjustments in respect of tangible fixed assets | 4 | 603,643.63 | 444,151.74 | Other interest receivable and financial income | 12 | 31,480,339.14 | 4,677,245.47 |
| Other operating charges | | 159,849.03 | --- | | | | |
| Interest payable and other financial charges in respect of affiliated undertakings other interest and charges | | 18,358,876.22 4,594.58 <u>18,363,470.80</u> | 24,091,288.47 4,253,418.30 <u>28,344,706.77</u> | | | | |
| Extraordinary charges | 13 | 59,288,705.08 | --- | | | | |
| Tax on profit | 14 | 4,891,230.19 | 3,758,337.51 | | | | |
| Other taxes not shown under the above heading | 14 | 33.16 | 35.83 | | | | |
| Profit for the financial year | | 54,619,156.37 | 8,406,016.00 | | | | |
| TOTAL CHARGES | | <u><u>947,547,669.42</u></u> | <u><u>807,846,768.49</u></u> | TOTAL INCOME | | <u><u>947,547,669.42</u></u> | <u><u>807,846,768.49</u></u> |

The underlying notes form an integral part of these annual accounts.

McD Europe Franchising S.à r.l.
Société à responsabilité limitée
Notes to the annual accounts
as at December 31, 2010

NOTE 1 - GENERAL

McD Europe Franchising S.à r.l. - hereafter "the Company" - was incorporated on May 9, 1985 as a "Société à responsabilité limitée" within the definition of the Luxembourg Law of August 10, 1915, as amended, on commercial companies and for an unlimited period of time. The Extraordinary General meeting held on November 24, 2008 decided to change the name of the Company from Mc Donald's Immobilier G.m.b.H. to McD Europe Franchising S.à r.l.

The Company's registered office is established in Luxembourg.

The financial year of the Company runs from the 1st of January until the 31st of December of each year.

The object of the Company includes the holding of participations, in any form whatsoever, in any commercial, industrial, financial, or other, Luxembourg or foreign companies or enterprises; to acquire or through participations, contributions, underwriting, purchases or options, negotiation or in any other way any securities, rights, patents, trademarks, copyrights, any other franchise rights and licences, and other property, rights and interest in property as the Company shall deem fit, and generally to hold, manage, develop, sell, license or dispose of the same, in whole or in part, for such consideration as the Company may think fit, and in particular for shares or securities of any company purchasing the same; to enter into, assist or participate in financial, commercial and other transactions, and to grant to any holding company, subsidiary, affiliate or any other company associated in any way with the Company, or the said holding company, subsidiary, affiliate, or any other company in which the Company has a direct or indirect financial interest, any assistance, loans or advances; to borrow and raise money in any manner and to secure the repayment of any money borrowed.

The purpose of the Company is also the administration, purchase, sale and leasing of real estate, the provision of consultancy services in respect of the design, operations and management of restaurants of any kind, especially fast food gastronomy, both within the territory of the Grand Duchy of Luxembourg and abroad. The Company may operate restaurants of any kind, especially those belonging to the fast food gastronomy.

Furthermore, the Company may perform all commercial, technical and financial operations, connected directly or indirectly in all areas as described above in order to facilitate the accomplishment of its purposes.

In January 2, 2009, the Company established a U.S. branch with their office in Illinois, United States of America with its place of business located at McDonald's Plaza, Oak Brook, Illinois 60523, USA.

In January 29, 2009, the Company established a Swiss branch with their office in Switzerland with its place of business located at Boulevard du Théâtre 3, 1204 Geneva, Switzerland.

In February 2009, the Company entered into various agreements with its ultimate parent company Mc Donald's Corporation and affiliates whereby it acquired the rights to use, develop and/or sublease marketing and operating intangible assets developed by the McDonald's group linked to the McDonald's restaurant system within Europe. In return for this right, the Company is obliged to pay an annual fee to Mc Donald's Corporation and affiliates consisting of a royalty component and cost sharing expenses. The royalty component is calculated based on a percentage of the sales of the various European entities to which the Company has subleased the intangibles. The Company has subleased the aforementioned intangibles to various franchisees within Europe and receives an annual franchise income which is calculated based on the annual sales of the franchisee.

In conformity with Article 316 of the Commercial Law of August 10, 1915, as amended, the Company is exempt from the obligation to establish consolidated accounts as the Company and all of its subsidiaries are consolidated in the consolidated accounts of its ultimate parent company Mc Donald's Corporation which has its registered address at One Mc Donald's Plaza, Oak Brook, Illinois.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General principles

These annual accounts have been prepared in accordance with generally accepted accounting principles and in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg.

Comparability of annual accounts as of December 31, 2010

The presentation of the annual accounts has been modified when compared to the presentation used in respect of the financial year ended December 31, 2009. As a consequence and in order to assist comparability between both financial years, certain comparative figures in respect of the financial year ended December 31, 2009 have been reclassified. These reclassifications did not have any impact on the profit for the prior year. The main reclassifications consist of:

at the level of the balance sheet:

- the caption "provisions for liabilities and charges" has been reclassified to the caption "creditors" for the amount of USD 920.922,40;
- the buy-out value with a net amount of USD 535.088.146,81 was reclassified from the caption "amounts owed to affiliated undertakings due in one year or less" to the caption "intangible assets".
- the debtors and creditors are amended as some amounts were netted in the accounts as at December 31, 2009.

at the level of the profit and loss account:

- the "gross profit margin" amounting to USD 150.451.584,23 as at December 31, 2009 has been split between the caption "net turnover", "other external charges" and "other operating charges";
- the "other operating charges" amounting to USD 151.535.573,79 as at December 31, 2009 has been split between the caption "other operating charges", "other external charges" and "staff costs".

McD Europe Franchising S.à r.l.
Société à responsabilité limitée
Notes to the annual accounts
as at December 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Main valuation rules

Translation of currencies

The accounts of the Company and its branches are expressed in USD.

The cost of fixed assets expressed in currencies other than USD are translated at the historical exchange rate.

Long term liabilities expressed in currencies other than USD are valued separately at the higher of the historical rate or the balance sheet exchange rate.

Current assets and current liabilities denominated in foreign currencies are translated into USD at the balance sheet exchange rate.

Income and expenses expressed in currencies other than USD are converted at the exchange rate applicable at the date of the transactions.

The resultant exchange gains and losses arising from the application of the above principles are reflected in the profit and loss account.

Intangible assets

Intangible assets are recorded at their acquisition price or at cost less accumulated amortization. The intangible assets are amortized on a straight-line basis over their estimated useful lives which is currently 5 years.

Tangible assets

Tangible assets are recorded at their acquisition cost, less depreciation. The acquisition price includes charges and expenses incurred in connection with their acquisition.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which the Board of Managers has assessed as being 20 years for leasehold and 27 for buildings. Land is not depreciated.

Where the Company considers that land and buildings have suffered a permanent depreciation in value, a value adjustment is recorded in order to reflect this loss. These value adjustments are not maintained if the reasons for which they were made have ceased to apply.

Financial assets

Shares in affiliated undertakings are valued individually at the lower of their acquisition cost or their net realisable market value estimated by the Board of Managers. A value adjustment is recorded at the end of each year in case of any permanent diminution in value. These value adjustments are not maintained if the reasons for which they were made have ceased to apply.

Debtors

Debtors are stated at their nominal value.

A value adjustment is recorded when the estimated net realizable value is lower than the nominal value.

The net realizable value is estimated on the basis of the information available to the Board of Managers.

Creditors

Creditors are stated at their repayment value.

Dividends

Dividends receivable from affiliated undertakings are recorded as income in the year they are declared by the subsidiary.

Net turnover : Revenue recognition – Royalties

All amounts receivable from affiliated undertakings under the Master Franchise Agreements are recognised on an accrual basis over the life of the contract. The amount invoiced is dependent on a number of factors including the level of sales of the franchisee.

McD Europe Franchising S.à r.l.
Société à responsabilité limitée
Notes to the annual accounts
as at December 31, 2010

NOTE 3 - INTANGIBLE ASSETS

| | 2010 | 2009 |
|--|-----------------------|-----------------------|
| | USD | (unaudited) USD |
| Cost at the beginning of the year | 655,209,975.32 | --- |
| Additions | --- | 584,967,680.00 |
| Exchange difference | (*) (70,242,295.32) | 70,242,295.32 |
| Cost at the end of the year | 584,967,680.00 | 655,209,975.32 |
| Depreciation at the beginning of the year | (120,121,828.51) | --- |
| Depreciation during the year | (116,993,531.89) | (117,309,312.29) |
| Correction of prior year depreciation | (*) 10,065,233.18 | --- |
| Exchange difference | (*) 2,812,516.22 | (2,812,516.22) |
| Depreciation at the end of the year | (224,237,611.00) | (120,121,828.51) |
| Net book value at the end of the year | <u>360,730,069.00</u> | <u>535,088,146.81</u> |

Intangible assets, acquired in February 2009 from affiliated undertakings, consist of rights to use the Mc Donald's restaurant system and related intellectual property developed in connection with McDonald's franchised restaurants in France (the "Developed Intangibles"). Under the Master Franchise Agreements contracted in February 2009 with these affiliated undertakings, the Company will pay for these Developed Intangibles in quarterly installments plus accrued interest over five years (Note 7).

(*) The acquisition price of the intangible assets was denominated in Euro, and therefore these assets were initially recorded at USD 584.967.680. During 2009 these intangibles were incorrectly revalued on a monthly basis giving rise to an exchange gain of USD 67.429.779,10 and an overstatement of the annual depreciation charge of USD 10.065.233,18. These errors in the 2009 balance were identified and corrected in 2010. An amount of USD 57.364.545,92 has therefore being recognised in 2010 (refer to Note 13) as an extraordinary charge.

NOTE 4 - TANGIBLE ASSETS

Tangible assets relate to buildings and leasehold improvements.

| | 2010 | 2009 |
|--|----------------------|----------------------|
| | USD | (unaudited) USD |
| Cost at the beginning of the year | 18,552,528.57 | 15,841,258.54 |
| Additions | 544,179.59 | 2,711,270.03 |
| Disposals | (7,960.95) | --- |
| Adjustment to correct opening balance | (*) (3,086,420.52) | --- |
| Cost at the end of the year | 16,002,326.69 | 18,552,528.57 |
| Depreciation at the beginning of the year | (6,423,749.96) | (5,979,598.22) |
| Depreciation during the year | (646,909.19) | (444,151.74) |
| Adjustment to correct opening balance | (*) 1,162,261.36 | --- |
| Depreciation at the end of the year | (5,908,397.79) | (6,423,749.96) |
| Net book value at the end of the year | <u>10,093,928.90</u> | <u>12,128,778.61</u> |

Leased sites are depreciated over 237 months from the opening date in 1985 parallel to the terms mentioned in the lease agreement.
Owned site are depreciated over 240 or 330 months starting from the opening date.
Specific parts of the building investment (i.e. heating, ventilation and aircondition) are depreciated over 120 months.

(*) The acquisition price of tangible assets was denominated in Euro and Swiss Francs and therefore these assets were initially recorded in USD based on the exchange rate at the date of acquisition. As at December 31, 2009, the net book value of these assets was incorrectly revalued at the year-end exchange rate giving rise to an exchange difference. This error in the 2009 balance was identified and corrected during 2010. An amount of USD 1.924.159,16 has therefore being recognised in 2010 (refer to Note 13) to correct this error and restate the tangible assets at their original historical cost.

McD Europe Franchising S.à r.l.
Société à responsabilité limitée
Notes to the annual accounts
as at December 31, 2010

NOTE 5 - FINANCIAL ASSETS

| | Shares in affiliated undertakings |
|---|-----------------------------------|
| | USD |
| Acquisition cost at the beginning of the year | 138,055,760.00 |
| Reclassification | (*) 1,107,903.84 |
| Acquisition cost at the end of the year | 139,163,663.84 |
| Value adjustments at the beginning of the year | — |
| Reclassification | (*) (1,107,903.84) |
| Value adjustments at the end of the year | (1,107,903.84) |
| Net book value as at December 31, 2010 | 138,055,760.00 |
| Net book value as at December 31, 2009 (unaudited) | 138,055,760.00 |

(*) The reclassification consists of a correction of the historical cost of the investment "Mc Donald's European Finance Company B.V.", that was presented net in the notes to the accounts as at December 31, 2009.

The Company holds investment in the following companies:

| Name & registered office | % held | Net book value as at December 31, 2010 USD |
|---|---------|---|
| McDonald's European Finance Company B.V. Netherlands | 40.70% | 137,962,000.00 |
| McD Europe Franchising Services S.à r.l. France | 100.00% | 25,000.00 |
| McDonald's Islandi ehf Iceland | 21.00% | 68,760.00 |

The Board of Managers are in the opinion that no further value adjustment has to be recorded on the investment McDonald's Nederland B.V., nor on the other investments held as at December 31, 2010, considering either the market value of the investment or that the diminution in value is not permanent.

Art.65 paragraph (1) 2° of the law of December 19, 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings (the "Law") requires the disclosure of the amount of capital and reserves and profit and loss for the last financial year of each affiliated undertaking.

In conformity with Art 67.(3) of the Law, these details have been omitted since the undertaking is included in consolidated accounts drawn up by the ultimate parent company and these consolidated accounts and the related consolidated annual report and auditor's report thereon have been lodged with the Luxembourg Trade Registry.

McD Europe Franchising S.à r.l.
Société à responsabilité limitée
Notes to the annual accounts
as at December 31, 2010

NOTE 6 - CAPITAL AND RESERVES

| | Subscribed capital | Share premium account | Legal reserve | Other reserves | Results brought forward | Results to be allocated | Result for the financial year |
|---|--------------------|-----------------------|------------------|------------------|-------------------------|-------------------------|-------------------------------|
| | USD | USD | USD | USD | USD | USD | USD |
| Balance as at January 1, 2010 (unaudited) | 792,815.00 | 0.55 | 79,281.56 | 38,869.64 | 29,500,759.92 | (10,230,941.83) | 8,406,016.00 |
| Allocation of the result 2008 | --- | --- | --- | --- | (10,230,941.83) | 10,230,941.83 | --- |
| Allocation of the result 2009 | --- | --- | --- | --- | 8,406,016.00 | --- | (8,406,016.00) |
| Result for the financial year | --- | --- | --- | --- | --- | --- | 54,619,156.37 |
| Balance as at December 31, 2010 | <u>792,815.00</u> | <u>0.55</u> | <u>79,281.56</u> | <u>38,869.64</u> | <u>27,675,834.09</u> | <u>0.00</u> | <u>54,619,156.37</u> |

Subscribed capital

As at December 31, 2010, the subscribed and paid up capital amounting to USD 792,815,00 is represented by 792,815 shares having a nominal value of USD 1.00 each.

Legal reserve

In accordance with the Luxembourg Law of August 10, 1915, as amended, on commercial companies, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution during the life of the Company.

Allocation of the results

On July 29, 2010, the sole shareholder decided to allocate the loss amounting to USD 10,230,941,83 realized during the year 2008 to the results brought forward.

On August 25, 2010, the sole shareholder decided to allocate the profit amounting to USD 8,406,016,00 realized during the year 2009 to the results brought forward.

NOTE 7 - CREDITORS

| | Less than 1 year | Between 1 and 5 years | Total |
|---|-----------------------|-----------------------|-----------------------|
| | USD | USD | USD |
| Loans owed to affiliated undertakings | 195,815,650.18 | 352,842,511.42 | 548,658,161.60 |
| Interest accrued on loans owed to affiliated undertakings | 13,451,765.84 | --- | 13,451,765.84 |
| Intercompany cost sharing expense payable | 10,836,190.61 | --- | 10,836,190.61 |
| Intercompany trade payable | 89,576,786.80 | --- | 89,576,786.80 |
| Trade creditors | 856,087.55 | --- | 856,087.55 |
| Tax debt | 3,456,204.14 | --- | 3,456,204.14 |
| Social security debt | 333,455.72 | --- | 333,455.72 |
| Other creditors | 4,267,989.30 | --- | 4,267,989.30 |
| Net book value as at December 31, 2010 | <u>318,594,130.14</u> | <u>352,842,511.42</u> | <u>671,436,641.56</u> |
| Net book value as at December 31, 2009 (unaudited) | <u>200,093,562.13</u> | <u>765,412,375.68</u> | <u>965,505,937.81</u> |

McD Europe Franchising S.à r.l.
Société à responsabilité limitée
Notes to the annual accounts
as at December 31, 2010

NOTE 7 - CREDITORS (continued)

The Company was granted the outstanding following loans as at December 31, 2010:

Less than one year :

- a loan from McDonald's Nederland B.V. granted on June 1, 2008 amounting to EUR 15.000.000,00 with an interest rate of 1,788% per year. Such loan has been amended on May 31, 2010 and increased to EUR 15.271.925,00 with an interest rate of 1,408% per year. The loan shall be reimbursed on May 31, 2011. As at December 31, 2010, the outstanding balance of the loan amounts to USD 20.429.254,07 and the accrued interest to USD 171.787,43.

- a loan from McDonald's Suisse Holding SA granted on December 4, 2006 amounting to CHF 50.000.000,00 with an interest rate of 2.630% per year. The loan shall be reimbursed on December 5, 2011. As at December 31, 2010, the outstanding balance of the loan amounts to USD 53.561.750,00 and the accrued interest to USD 5.826.432,17.

Between one and five years :

- a loan from McDonald's Suisse Holding SA granted on June 18, 2007 amounting to CHF 25.000.000,00 with an interest rate of 3.425% per year. The loan shall be reimbursed on June 18, 2012. As at December 31, 2010, the outstanding balance of the loan amounts to USD 26.780.875,00 and the accrued interest to USD 3.294.438,63.

- a loan from McDonald's Ireland Ltd. granted on October 14, 2008 amounting to EUR 9.000.000,00 with an interest rate of 4.591% per year. The loan shall be reimbursed on October 14, 2013. As at December 31, 2010, the outstanding balance of the loan amounts to USD 12.218.900,00 and the accrued interest to USD 121.291,93.

- a loan from McDonald's Suisse Holding SA granted on November 12, 2008 amounting to CHF 26.000.000,00 with an interest rate of 3.115% per year. The loan shall be reimbursed on November 12, 2013. As at December 31, 2010, the outstanding balance of the loan amounts to USD 27.852.110,00 and the accrued interest to USD 1.879.784,97.

- Buy out notes payable to Mc Donald's France S.A. and Mc Donald's System of France Inc. totalling EUR 457.006.330 (refer to Note 3). As at December 31, 2010, the outstanding balance of the Buy out notes amounts to USD 407.815.272,53, of which USD 121.824.646,11, and accrued interest of USD 2.158.030,71 are due in one year or less.

NOTE 8 - OTHER EXTERNAL CHARGES

Other external charges mainly consist of cost sharing expenses, royalty expenses and management fees totaling USD 679.434.506. The royalty expenses and cost sharing expenses relate to annual payments made under the agreements outlined in Note 1.

NOTE 9 - STAFF COSTS

The average number of staff employed during the 2010 financial year is 10 (2009: 2).

NOTE 10 - NET TURNOVER

Net turnover consist of royalties received or receivable under Master Franchise Agreements in connection with the sublease of rights to use the Mc Donald's restaurant system and related intellectual property in connection with Mc Donald's franchised restaurants in Europe. As at December 31, 2010 and 2009, the net turnover consists of royalties mainly realized in Europe.

NOTE 11 - INCOME FROM FINANCIAL FIXED ASSETS CONCERNING AFFILIATED UNDERTAKINGS

| | 2010 | 2009 |
|---|----------------------|----------------------|
| | | (unaudited) |
| | USD | USD |
| Dividend received from McDonald's European Finance Company B.V. | <u>20,031,595.50</u> | <u>17,377,520.76</u> |

McD Europe Franchising S.à r.l.
Société à responsabilité limitée
Notes to the annual accounts
as at December 31, 2010

NOTE 12 - OTHER INTEREST RECEIVABLE AND FINANCIAL INCOME

In 2010 other interest receivable and financial income mainly consists of foreign exchange amounting to USD 31,480,339,14.

NOTE 13 - EXTRAORDINARY CHARGES

| | 2010 | 2009 |
|--|----------------------|--------------------|
| | USD | (unaudited) USD |
| As of December 31, 2010, extraordinary charges consist of: | | |
| Correction of value of intangible assets (Note 3) | 57,364,545.92 | --- |
| Correction of value of tangible assets (Note 4) | 1,924,159.16 | --- |
| | <u>59,288,705.08</u> | <u>---</u> |

NOTE 14 - TAXATION

The Company is fully taxable in Luxembourg and subject to the applicable general tax regulations.

The tax on the profit comprises :

- USD 2,910,833,14 for the US Branch income taxes,
- USD 250,431,78 (CHF 261,000,00) for the Swiss Branch income taxes,
- USD 1,729,998,44 (EUR 1,304,182,77) for the Luxembourg Head office income taxes.

NOTE 15 - REMUNERATIONS OF AUDITORS

The statutory accounts for the year ended December 31, 2010 include auditors' fees for USD 200,000,00 (2009: zero).

NOTE 16 - ADVANCES OR CREDIT GRANTED TO THE MEMBERS OF THE ADMINISTRATIVE MANAGEMENT

No advances nor credit have been granted to the Managers during 2010 and 2009 .

NOTE 17 - COMMITMENTS AND OFF BALANCE SHEET ITEMS

As mentioned in Note 1, the Company is party to various franchise agreements for a minimum of 5 years. Under these agreements the Company is required to pay royalty fees to affiliated undertakings during this period based on a percentage of sales generated by the entities to which the Company has subleased these franchises.

In addition the Company has entered into agreements with various European entities within the McDonald's group to reimburse them for any costs incurred in the ongoing development of the McDonald's restaurant system.

MCD EUROPE FRANCHISING S.À R.L.

Société à responsabilité limitée

(ci-après la "Société")

Siège social : 412F, route d'Esch

L- 2086 Luxembourg

Capital social : USD 792.815.-

R.C.S. Luxembourg : B 22.841

Conseil de gérance :

Monsieur Guy HARLES

Monsieur Julian HILTON-JOHNSON

Monsieur Alastair FAIRGRIEVE

Affectation du résultat :

Le bénéfice de l'exercice social de la Société clôturé au 31 décembre 2010, dont le montant s'élève à USD 54.619.156,37, sera reporté à l'exercice social suivant.